

SENATE BILL NO. 161

INTRODUCED BY J. COBB

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A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE AMOUNT OF COAL SEVERANCE TAXES ALLOCATED TO THE TREASURE STATE ENDOWMENT FUND; AMENDING SECTION 17-5-703, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 17-5-703, MCA, is amended to read:

**"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX, section 5, of the Montana constitution is composed of the following funds:

- (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal severance tax must be deposited;
- (b) a treasure state endowment fund;
- (c) a treasure state endowment regional water system fund;
- (d) a coal severance tax permanent fund;
- (e) a coal severance tax income fund; and
- (f) a coal severance tax school bond contingency loan fund.

(2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12 months and retain that amount in the coal severance tax bond fund.

(b) The amount in the coal severance tax bond fund in excess of the amount required in subsection (2)(a) must be transferred from that fund as provided in subsections (3) through (5).

(3) (a) On January 21, 1992, and continuing as long as any school district bonds secured by state loans under 20-9-466 are outstanding, the state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the

1 balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal  
2 of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12  
3 months.

4 (4) (a) Beginning July 1, 1993, and ending June 30, 2013, the state treasurer shall quarterly transfer  
5 to the treasure state endowment fund 75% of the amount in the coal severance tax bond fund in excess of the  
6 amount that is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred  
7 pursuant to subsection (3).

8 (b) Beginning July 1, 1999, and ending June 30, 2013, the state treasurer shall quarterly transfer to the  
9 treasure state endowment regional water system fund 25% of the amount in the coal severance tax bond fund  
10 in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of amounts  
11 that are transferred pursuant to subsection (3).

12 (c) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure  
13 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,  
14 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.  
15 Earnings not transferred to the treasure state endowment special revenue account must be retained in the  
16 treasure state endowment fund.

17 (d) The state treasurer shall monthly transfer from the treasure state endowment regional water system  
18 fund to the treasure state endowment regional water system special revenue account the amount of earnings,  
19 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the  
20 account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state  
21 endowment regional water system special revenue account must be retained in the treasure state endowment  
22 regional water system fund.

23 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
24 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
25 deposited in the coal severance tax permanent fund.

26 **17-5-703. (Effective July 1, 2003) Coal severance tax trust funds.** (1) The trust established under  
27 Article IX, section 5, of the Montana constitution is composed of the following funds:

28 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
29 severance tax must be deposited;

30 (b) a treasure state endowment fund;

- 1 (c) a treasure state endowment regional water system fund;
- 2 (d) a coal severance tax permanent fund;
- 3 (e) a coal severance tax income fund; and
- 4 (f) a coal severance tax school bond contingency loan fund.
- 5 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all
- 6 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12
- 7 months and retain that amount in the coal severance tax bond fund.
- 8 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection
- 9 (2)(a) must be transferred from that fund as provided in subsections (3) through (5).
- 10 (3) (a) As long as any school district bonds secured by state loans under 20-9-466 are outstanding, the
- 11 state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax
- 12 bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax
- 13 bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.
- 14 (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the
- 15 balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal
- 16 of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12
- 17 months.
- 18 (4) (a) Until June 30, 2013, the state treasurer shall quarterly transfer to the treasure state endowment
- 19 fund ~~50%~~ 70% of the amount in the coal severance tax bond fund in excess of the amount that is specified in
- 20 subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsection
- 21 (3).
- 22 (b) Until June 30, 2013, the state treasurer shall quarterly transfer to the treasure state endowment
- 23 regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that
- 24 is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant
- 25 to subsection (3).
- 26 (c) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure
- 27 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,
- 28 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.
- 29 Earnings not transferred to the treasure state endowment special revenue account must be retained in the
- 30 treasure state endowment fund.

1 (d) The state treasurer shall monthly transfer from the treasure state endowment regional water system  
2 fund to the treasure state endowment regional water system special revenue account the amount of earnings,  
3 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the  
4 account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state  
5 endowment regional water system special revenue account must be retained in the treasure state endowment  
6 regional water system fund.

7 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
8 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
9 deposited in the coal severance tax permanent fund. (Terminates June 30, 2016--sec. 1, Ch. 70, L. 2001.)

10 **17-5-703. (Effective July 1, 2016) Coal severance tax trust funds.** (1) The trust established under  
11 Article IX, section 5, of the Montana constitution is composed of the following funds:

12 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
13 severance tax must be deposited;

14 (b) a treasure state endowment fund;

15 (c) a coal severance tax permanent fund;

16 (d) a coal severance tax income fund; and

17 (e) a coal severance tax school bond contingency loan fund.

18 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all  
19 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12  
20 months and retain that amount in the coal severance tax bond fund.

21 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection  
22 (2)(a) must be transferred from that fund as provided in subsections (3) through (5).

23 (3) (a) As long as any school district bonds secured by state loans under 20-9-466 are outstanding, the  
24 state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax  
25 bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax  
26 bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

27 (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the  
28 balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal  
29 of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12  
30 months.

1           (4) (a) Until June 30, 2013, the state treasurer shall quarterly transfer to the treasure state endowment  
2 fund ~~50%~~ 70% of the amount in the coal severance tax bond fund in excess of the amount that is specified in  
3 subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsection  
4 (3).

5           (b) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure  
6 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,  
7 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.  
8 Earnings not transferred to the treasure state endowment special revenue account must be retained in the  
9 treasure state endowment fund.

10           (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
11 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
12 deposited in the coal severance tax permanent fund."

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14           NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, 2003.

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